



Federal Communications Commission
Washington, D.C. 20554

April 18, 2005

Via Facsimile and First Class Mail

DOCKET FILE COPY ORIGINAL

Mr. Patrick J. Grant
Arnold & Porter LLP
555 12th Street, N.W.
Washington, DC 20004

Mr. David L. Lawson
Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, DC 20005

**Re: SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control
(WC Docket No. 05-65)**

Dear Messrs. Grant and Lawson:

On February 22, 2005, the Commission received applications seeking consent for the transfer of control to SBC of licenses and authorizations held directly and indirectly by AT&T.¹ In order for the Commission to complete its review of the applications and make the necessary public interest findings under sections 214 and 310(d) of the Communications Act of 1934, as amended (the Act) and section 2 of the Cable Landing License Act, we require additional information and clarification of certain matters discussed in the applications.

Accordingly, pursuant to sections 214 and 308(b) of the Act, and section 2 of the Cable Landing License Act, we request that you provide written responses and supporting documentation for each request set forth in the attached Initial Information and Document Request and, where appropriate, amend the lead application to reflect such responses. In order to expedite consideration of your application, please respond to the following requests pertaining to this proposed merger by May 9, 2005.

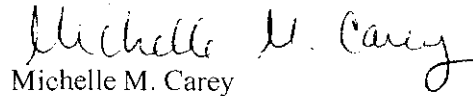
Your responses should be filed with Marlene H. Dortch, Secretary, Federal Communications Commission, under reference number WC Docket No. 05-65. The Wireline Competition Bureau also should receive, at a minimum, two copies of all filings.²

¹ The applications were submitted pursuant to sections 214 and 310(d) of the Communications Act, and section 2 of the Cable Landing License Act. 47 U.S.C. §§ 35, 214, 310(d); *see also Commission Seeks Comment on Application for Consent to Transfer of Control Filed by SBC Communications Inc. and AT&T Corp.*, WC Docket No. 05-65, Public Notice, DA 05-656 (rel. Mar. 11, 2005).

² If you submit information pursuant to the Protective Order issued in this proceeding, you should follow the filing procedures specified therein. *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, WC Docket No. 05-65, Order Adopting Protective Order, DA 05-635 (rel. Mar. 10, 2005).

If you have any questions regarding this matter, please contact Marcus Maher or Bill Dever, Wireline Competition Bureau, at (202) 418-2339 or (202) 418-1578, respectively.

Sincerely,

A handwritten signature in cursive script that reads "Michelle M. Carey". The signature is written in dark ink and is positioned above the printed name.

Michelle M. Carey
Deputy Chief, Wireline Competition Bureau

Attachment

ATTACHMENT
INITIAL INFORMATION AND DOCUMENT REQUEST
April 18, 2005

I. Definitions

1. The term "affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this definition, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.
2. The terms "and" and "or" have both conjunctive and disjunctive meanings.
3. The term "AT&T" means AT&T Corp. and its subsidiaries.
4. The term "bundle" means the marketing of different types of services as a package, either by a carrier itself or by entering into commercial arrangements with other service providers.
5. The term "business customers" means end-user business customers, and does not include carriers.
6. The term "Cingular" means Cingular Wireless Corporation and its subsidiaries.
7. The term "documents" means written or graphic materials in the possession, custody, or control of the company or companies identified in the particular specification. The term "documents" includes hardcopy and electronic copies of correspondence, spreadsheet and database analyses, analyses, reports, memos, and presentations created, revised, prepared for, or distributed within the company or companies identified in the particular specification.
8. The term "franchise area" means all geographic areas within a state in which a person provides local exchange services pursuant to franchise or other authority granted by a relevant government or government agency and in which that person is the incumbent local exchange carrier as that term is used in the Telecommunications Act of 1996.
9. The term "incumbent LEC franchise area" means a Bell Operating Company (BOC), GTE, or Sprint franchise area within a given state.
10. The term "Internet backbone provider" means a provider that transports and routes packets between and among ISPs and regional backbone networks.
11. The term "local exchange service" means telephone exchange service or exchange access, whether offered with or without vertical features.
12. The term "Merger Guidelines" means the United States Department of Justice and Federal Trade Commission Horizontal Merger Guidelines (revised 1997).
13. The term "MSA" means metropolitan statistical area as defined by the U.S. Census Bureau.
14. The term "person" includes AT&T and SBC, and means any actual person, corporate entity, partnership, association, joint venture, government entity, or trust.
15. The term "responses" means documents or other information submitted in response to a particular specification.
16. The term "revenues" means billed amounts for goods or services without any allowance for uncollectibles, commissions or settlements. Revenues should not include settlement receipts for terminating foreign traffic billed by foreign carriers. Revenues should not include any amounts corresponding to taxes levied on your customers by any governmental body but include any pass-through charges that you levy on customers to recover taxes, regulatory fees or other assessments placed on you.

17. The term "SBC" means SBC Communications Inc. and its subsidiaries, as well as SBC affiliates that provide domestic interLATA services or Internet access services.
18. The term "specification" means a particular numbered request for documents or other information specified in section III below.
19. The term "wholesale customers" means carrier customers, resellers, and Internet access providers.

II. Instructions

20. Responses to this Initial Information and Document Request shall be submitted in the following manner:
 - a. AT&T and SBC each should respond separately to each specification, except for those specifications listed below that apply only to one of the applicants. For example, in response to specification 3.a, AT&T should provide the requested revenues and number of customers for AT&T and its best estimate for competitors, and SBC separately should provide the requested revenues and number of customers for SBC and its best estimate for competitors. Only AT&T needs to respond to specifications 6.a, 6.b, 6.c, 6.e, 9.d, 20.a-20.c, and 26.a. Only SBC needs to respond to specifications 7, 8.a, 9.b, 9.c, 11, 16.c, 17.a-17.c, 19.a-19.f, 21.a-21.d, and 26.b.
 - b. Responses shall be complete and, unless privileged, unredacted. Documents shall be submitted as found in the company's files. Only the final version of documents, or the last draft if unfinalized, shall be provided. Individual documents shall be separated from one another by a divider (such as a colored sheet of paper). An electronic mail message and any attached files shall be treated as a single document.
 - c. AT&T and SBC should submit photocopies (with color photocopies where necessary to interpret the document), in lieu of original hardcopy responses.
 - d. AT&T and SBC should submit electronic copies in lieu of original electronic responses. Responses requiring the submission of data or spreadsheets should be submitted in Microsoft Excel format, and other electronic responses shall be submitted in a searchable format, formatted in Microsoft Word, PDF, or such other format as may be approved by the Wireline Competition Bureau.
 - e. Each page of the responses shall be marked with a corporate identification and consecutive document control numbers.
 - f. Responses to interrogatories and data requests shall be grouped based on the particular specification to which they are responsive. For example, all responses to specification 1.a shall be so marked and separated from the responses to other specifications.
 - g. Responses to document requests requiring a search of individuals' documents shall be grouped based on the individual from whom the documents were obtained. Place all documents produced in file folders. Mark each file folder with corporate identification and the name of the person whose documents are in the folder; provide equivalent information for any documents provided in electronic form.
21. Provide a master index listing: (a) each specification; (b) with respect to interrogatories, the corresponding consecutive document control number(s) for each response; (c) with respect to data requests, the file name of the electronic document, and where it can be found; and (d) with respect to document requests, the name of the individuals(s) from whom responsive documents are most likely to be submitted in response to the particular specification.

22. Unless otherwise specified, each request for documents is limited to documents created from January 1, 2004, to the present, and each request for data is limited to quarterly data for each quarter of 2004 through the most recent quarter of 2005.
23. For specifications that seek documents, AT&T and SBC shall search the files of the specified individuals for documents responsive to these requests. However, where we have requested a specifically identified document or set of documents, the parties should provide it, regardless of the custodian (*e.g.*, specification 1).

III. Initial Information Request Regarding Material Contained in Application

A. Enterprise Services

1. On page 97 of the Public Interest Statement, SBC states that it considers any business that spends more than \$48,000 per year to be an enterprise customer, while AT&T considers any business that is expected to spend more than \$1 million per year to be an enterprise customer. In addition, throughout the Public Interest Statement's discussion of enterprise services, the applicants refer to different classes of business customers, including small business customers, medium-sized business customers, and large business customers.
 - a. Define "enterprise market" and "mass market," as well as "small business customer," "medium-sized business customer," and "large business customer." Explain the specific characteristics that distinguish each class of business customers from the others (*e.g.*, revenue size; employee size; telecom needs; other criteria).
 - b. Explain whether there are similar distinctions among classes of wholesale customers based on particular characteristics (*e.g.*, size; type of wholesale services; other criteria). If so, define those classes of wholesale customers.
 - c. Separately for AT&T and SBC, list the number of your customers to which you provided \$5 million or more in services during 2004 and the percentage of your revenues accounted for by these customers, and the number of your customers to which you provided \$1 million - \$4,999,999 in services during 2004 and the percentage of your revenues accounted for by these customers.
2. The Public Interest Statement, at pages 71-88, identifies a variety of types of domestic services that can be provided to various types of enterprise and wholesale customers, including: (1) local voice; (2) local data; (3) interexchange voice; (4) interexchange data; (5) converged voice and data; (6) systems integration/managed services; and (7) equipment (including, but not limited to, value-added resellers). The application appears to claim that providers of these services are all competitive alternatives for business and wholesale customers to varying extents, but does not clearly demonstrate which services are in the same product market.
 - a. Using the Merger Guidelines methodology for defining product markets, explain which of these services are in the same product market as one another (*i.e.*, which services are reasonable substitutes for one another in the eyes of customers).
3. The Public Interest Statement, at pages 73-88, cites a number of companies that the applicants contend compete for enterprise customers in various geographic regions with respect to some or all of the services listed in specification 2.
 - a. Provide the revenues and number of customers, separately for AT&T and SBC, separately for each type of service identified in specification 2, separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b, and separately for the following geographic categories: (1) incumbent LEC franchise area and (2) MSA. Identify which geographic areas are within SBC's region.

- b. Provide the number of DS0 equivalent lines, separately for AT&T and SBC, separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b, and separately for the following geographic categories: (1) incumbent LEC franchise area and (2) MSA. Identify which geographic areas are within SBC's region.
 - c. Provide the number of data lines by capacity, separately for AT&T and SBC, separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b, and separately for the following geographic categories: (1) incumbent LEC franchise area and (2) MSA. Identify which geographic areas are within SBC's region.
 - d. Provide the market shares analyzed by any appropriate metric separately for AT&T, SBC, and each of the competitors cited in pages 73-88 of the Public Interest Statement, separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b, and separately for the following geographic categories: (1) incumbent LEC franchise area and (2) MSA.
 - e. Provide all competitive analyses or studies prepared expressly for AT&T or SBC (whether prepared internally or by outside advisors) that discuss competition between AT&T and SBC for business or wholesale customers in the possession of AT&T custodians Clayton Lockhart, Thomas Horton, Virasb Vahidi, Pradeep Crasto, Douglas Ranck, Robert Olson, Peter Schaffer, John Mills, Gary Smith, Judi Hand, Michael Heath, Ronald Spears, Kathleen Flaherty, Daniel Nugent, Marcus Melloy, A.H. McGrath, Regina Egea, Donna Henderson, Cathy Martine-Dolecki, Karthryn Morrissey, John Polumbo, and David Krantz and SBC custodians William McCullough, Susan Johnson, Jose Gutierrez, Scott Helbing, Christine Urbanek, James Carter, Greg D'Anna, Jon Ramsey, Amy Bruns, Hunt Kingsbury, Edward Cholerton, Donna Harrison, Steven Mitchell, Debra Moore, Yno Gonzalez, Norma Buss, Daniel T. Walsh, John Nordberg, Thomas Wilson, Margaret Moschetto, Randall Porter, Mark Fishler, Howard Irgang, Dan Walsh, Randy Tomlin, Rick Moore, and Brad Bridges.
4. According to page 91 of the Public Interest Statement, "[m]any business telecommunications customers (and particularly large businesses) . . . employ rigorous competitive bidding processes." For situations since October 1, 2004 in which AT&T or SBC has submitted a proposal to provide any service to a business customer and in which AT&T or SBC is aware or believes that the other applicant also submitted a proposal identify:
- a. The service(s) which was or were the subject of the proposal;
 - b. The month the proposal was submitted;
 - c. The class of customer as defined in response to specifications 1.a and 1.b;
 - d. The revenues that would have been generated, separately within SBC's region and outside SBC's region, under the proposal;
 - e. Any other person which your company is aware or believes also submitted a proposal;
 - f. The location(s) in which the service was or is scheduled to be provided; and
 - g. The person awarded the contract to provide the relevant service(s):

B. Special Access and Private Line Services

- 5. Pages 102-03 of the Public Interest Statement assert, in general terms, that SBC faces growing competition in the special access market.
 - a. For each incumbent LEC franchise area and MSA where AT&T or SBC provide special access service, provide the special access revenues billed and number of circuits for AT&T and SBC, separately for each type of special access service, and separately for each class of business and

- wholesale customers as defined in response to specifications 1.a and 1.b. Provide definitions for each type of special access service (which, cumulatively, should encompass all special access services offered by the company).
- b. For each incumbent LEC franchise area and MSA within SBC's region where AT&T or SBC provide special access service, identify the five major special access competitors (based on market share), and provide an estimate of the special access revenues billed and number of circuits for each competitor, separately for each type of special access service identified in response to specification 5.a. Provide an explanation of how this estimate was determined, and provide supporting documentation.
 - c. For each incumbent LEC franchise area where AT&T or SBC provide private line service, provide the private line revenues billed and number of circuits for AT&T and SBC, separately for each type of private line service, and separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b. Provide definitions for each type of private line service (which, cumulatively, should encompass all private line services offered by the company).
 - d. For each incumbent LEC franchise area within SBC's region where AT&T or SBC provide private line service, identify the five major private line competitors (based on market share), and provide an estimate of the private line revenues billed and number of circuits for each competitor, separately for each type of private line service identified in response to specification 5.c. Provide an explanation of how this estimate was determined, and provide supporting documentation.
6. According to page 105 n.347 of the Public Interest Statement, AT&T owns only limited local facilities within SBC's region, which AT&T "uses primarily in connection with its own provision of retail business services." In addition, the Public Interest Statement states that competitors have deployed "comparable" facilities.
- a. Separately for each MSA within SBC's franchised territory in which AT&T owns facilities used to provide telephone exchange or exchange access service, provide in the form of lists and network maps of sufficiently precise detail a description of AT&T's facilities, including the capacity of lit and number of strands of unlit fiber and the geographic area that practically can be reached by the network, via either (1) direct fiber connection or (2) special access loops or EELs.
 - b. Describe the retail and wholesale services that AT&T provides using the facilities identified in response to specification 6.a.
 - c. Separately for each MSA identified in response to specification 6.a and separately for each service identified in response to specification 6.b, identify the types of customers to which AT&T offers any of the services described in response to specification 6.b separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b.
 - d. With respect to AT&T, for each MSA identified in response to specification 6.a, and with respect to SBC, for each MSA within SBC's franchise area where AT&T is collocated, identify and describe the facilities deployed by carriers that compete with SBC and/or AT&T. Describe the retail and wholesale services that each competing carrier provides using those facilities, and identify the types of customers to which each service is provided separately for each class of business and wholesale customers as defined in response to specifications 1.a and 1.b.
 - e. Provide the address of each building within SBC's region that is "on net" for AT&T, *i.e.*, connected to AT&T's local network by facilities owned by AT&T. Provide the address of each additional building that AT&T plans to bring "on net" within the next two years (by May 1, 2007).

7. For each state in which SBC operates as an incumbent LEC, describe the state regulation, if any, that applies to special access and private line services.

C. Internet Services

8. On page 108 of the Public Interest Statement, SBC is described as a “new entrant” with respect to Internet backbone services that “does not control a significant share of traffic or revenue, as compared to AT&T, which is a “Tier 1” backbone provider. Table 2 of the Schwartz declaration (page 10) cites shares of the Internet backbone market and paragraph 20 of the Schwartz declaration states that SBC is not a Tier 1 Internet backbone provider, but calculates SBC’s market share based on a national market, including Tier 1 Internet backbone providers.
 - a. Identify when SBC began providing Internet backbone services in each state where SBC currently provides Internet backbone services.
 - b. Separately for AT&T and SBC, and separately for each state where that carrier provides Internet backbone services, provide the following information regarding the amount and type of traffic that traverses SBC’s and AT&T’s existing Internet backbones:
 - (1) The number, type, and size of the customers obtaining access to the Internet backbone.
 - (2) The number and type of circuits provided by AT&T or SBC connecting those customers to the Internet backbone.
 - (3) Each person with which AT&T or SBC has a peering relationship.
 - (4) The volume of traffic exchanged with each person with whom the carrier peers on a paid or settlement-free basis.
 - (5) The volume of traffic exchanged with each person for whom the carrier provides transit service, or who provides transit services to the carrier.
 - (6) The total number of routes announced or advertised on your Internet backbone network, and the number of IPv4 addresses associated with those routes.
 - c. With respect to SBC, separately for each state where SBC provides non-Tier 1 Internet backbone services: (1) identify SBC’s non-Tier 1 Internet backbone provider competitors, (2) provide SBC’s share of Internet backbone revenues, (3) provide the estimated revenue shares of SBC’s Internet backbone provider competitors, (4) provide SBC’s share of Internet backbone traffic, (5) provide the estimated shares of traffic of SBC’s Internet backbone provider competitors. With respect to AT&T, separately for each state where AT&T believes that SBC provides non-Tier 1 Internet backbone services, respond to (1), (3), and (5) above. Provide an explanation of how the estimates in subsections (3) and (5) above were determined.
 - d. Provide any engineering capacity planning documents or marketing analyses that discuss the anticipated change in the number of transit customers and/or the volume of associated traffic for the years 2005 and 2006.
9. Paragraph 20 of the Schwartz declaration states that SBC expects to obtain settlement-free peering fairly soon with several Tier 1 Internet backbone providers, but does not expect to achieve settlement-free peering status with others.
 - a. Describe the varying kinds of peering arrangements, interconnection agreements, or transit agreements that AT&T and SBC have with other Internet backbone providers. Explain the differences, if any, between private interconnection to a backbone versus interconnection at a public network access point (NAP) (e.g., the quality or capacity of interconnection, etc.).

- b. As a non-Tier 1 Internet backbone provider, explain whether SBC provides settlement-free peering with Internet backbone providers. List SBC's annual payments to other Internet backbone providers by Internet backbone provider separately for 2004 and year-to-date 2005.
 - c. Describe SBC's plans to obtain settlement-free peering. Identify the providers with which SBC is negotiating peering agreements. Explain why SBC does not expect to achieve peering status with its current provider of paid transit.
 - d. As a Tier 1 Internet backbone provider, list AT&T's annual payments from other Internet backbone providers by provider separately for 2004 and year-to-date 2005.
 - e. Specify the fees AT&T and SBC charges for transit, separately for 2004 and year-to-date 2005, and describe the competitive consequences associated with changes (decreases or increases) in such transit arrangement charge(s). Indicate whether AT&T or SBC assesses different transit charges for ISPs and comparable enterprise customers.
10. Describe AT&T's and SBC's current policies, including any typical contractual requirements, for permitting unaffiliated Internet service providers to access that carrier's Internet backbone or other broadband transmission facilities or services (such as peering, transit, and xDSL).
 11. In paragraph 13 of the Schwartz declaration, Schwartz states that SBC controls only one "active" public interconnection facility. Explain what "control" involves in this context, including whether SBC "controls" inactive facilities.
 12. Separately for each state in which SBC and AT&T both own facilities used to provide Internet backbone services, and separately for SBC and AT&T, provide in the form of lists and network maps of sufficiently precise detail a description of each company's Internet backbone facilities, including the capacity of the lit or unlit fiber, and each NAP (whether active or inactive) controlled by SBC or AT&T. Identify and describe SBC's and AT&T's partner(s), if any, for each NAP and their relative interests in the NAP and the relative amounts of traffic traversing the NAP.
 13. The Public Interest Statement and Schwartz Declaration identify a variety of Internet services, and note that AT&T and SBC provide certain of these services. Paragraphs 20-32 of the Schwartz declaration provide some traffic and revenue data for Internet backbone services, but do not provide market share information for other Internet services.
 - a. Identify and describe each type of Internet service and Internet-related product (excluding Internet backbone services) – e.g., broadband Internet access services, narrowband Internet access services, voice over IP services (VoIP) – provided by AT&T and/or SBC.
 - b. For each service identified in response to specification 13.a, using the Merger Guidelines methodology, define the relevant geographic market, identify the competitors within that geographic market, and calculate SBC's, AT&T's, and each competitor's market shares analyzed by subscribership and revenue.
 - c. Separately for each service identified in response to specification 13.a, and separately for each geographic market identified in response to specification 13.b, identify: (1) the wholesale services that AT&T or SBC, respectively, lease from an unaffiliated provider to offer each Internet or Internet-related service; (2) the percentage of the total cost of providing each Internet or Internet-related service attributable to such leased element; and (3) the unaffiliated provider of each such element.
 - d. Describe AT&T's and SBC's plans with respect to VoIP service offerings if the merger is approved, including future marketing plans within SBC's region, and plans with respect to existing AT&T CallVantage customers within and outside of SBC's region.

D. Wholesale Interexchange Services

14. According to pages 63-64 of the Public Interest Statement, there are multiple longhaul providers with substantial fiber networks, including AT&T, MCI, Sprint, Qwest, Level 3, Global Crossing/Frontier, and WilTel, among others.
 - a. Using the Merger Guidelines methodology for defining geographic markets, explain what the proper geographic market is for longhaul service.
 - b. For longhaul service provided to competitive LECs, interexchange carriers, and wireless providers, provide the revenues that AT&T and SBC billed and an estimate for each longhaul competitor identified in the Public Interest Statement, separately by the following geographic categories: (1) incumbent LEC franchise area and (2) the geographic market identified by the applicants in response to specification 14.a. Identify which geographic markets are within SBC's region. Provide an explanation of how the estimate was determined, and provide supporting documentation. For purposes of this specification, revenues includes amounts received for handling foreign originated traffic if another carrier brings that traffic into the United States before handing the traffic off to the longhaul service provider.
 - c. For longhaul service provided to competitive LECs, IXC's, and wireless providers, provide the number of wholesale minutes for 2004 that AT&T and SBC wholesaled and an estimate for each longhaul competitor identified in the Public Interest Statement, separately by the following geographic categories: (1) incumbent LEC franchise area and (2) the geographic market identified by the applicants in response to specification 14.a above. Identify which geographic markets are within SBC's region. Provide an explanation of how the estimate was determined, and provide supporting documentation.
 - d. Identify each state where, respectively, AT&T, SBC, and each longhaul competitor identified in the Public Interest Statement owns longhaul facilities. Explain whether AT&T or any longhaul competitor offers longhaul services in state(s) where it does not own longhaul facilities, and if so, how it does so.
15. The Public Interest Statement, at pages 59-67, cites cable telephony providers and wireless carriers as retail mass market competitors, and at page 64 the Public Interest Statement notes that such providers rely on wholesale longhaul services.
 - a. Describe the plans of AT&T and SBC with respect to offering longhaul capacity, including with respect to offering wholesale minutes, if the merger is approved.

E. Residential and Small Business Services

16. According to pages 59-67 of the Public Interest Statement, significant local competition will remain following the merger.
 - a. For each SBC franchise area provide: (1) the number of residential resold lines; (2) the number of residential UNE-P lines; (3) the number of residential UNE-L lines; (4) an estimate of the number of competitively deployed access lines used to serve residential customers by a competitive local exchange carrier (including, but not limited to, cable telephony providers) (*i.e.*, using E-911 listings); (5) an estimate of the number of residential customers that exclusively subscribe to wireless service instead of wireline local exchange and long distance service; and (6) an estimate of the residential customers relying upon VoIP for all of their voice telecommunications needs. Of the residential customers identified in response to specification 16.a(5)-(6) identify the number of customers of AT&T and SBC. Provide an explanation of how the estimates for the responses to specification 16.a(4)-(6) were determined.

- b. For each incumbent LEC franchise area, provide: (1) the number of residential presubscribed interstate carrier access lines regardless of whether AT&T or SBC is the residential customer's local exchange carrier; (2) the number of residential originating intrastate toll minutes and originating domestic interstate toll minutes, separately for AT&T, SBC, and an estimate for all minutes; (3) total revenues for intrastate toll and domestic interstate toll services provided to residential customers separately for AT&T, SBC, and an estimate for all revenues; and (4) the total number of residential access lines for which AT&T or SBC is a local exchange carrier, and the number of these lines for which the presubscribed interstate long distance carrier is AT&T, SBC, MCI, Sprint, Verizon, BellSouth, Qwest, or another long distance carrier.
 - c. For each state in which SBC operates as an incumbent LEC, describe the state regulation, if any, that applies to a residential local and long distance service bundle.
 - d. For each incumbent LEC franchise area, state separately for AT&T and SBC the number of residential customers that subscribe to a combined local and interexchange plan at a flat monthly rate, separately for plans with unlimited interexchange minutes and plans with a bucket of interexchange minutes.
17. According to paragraph 54 of the Carlton & Sider Declaration, "SBC does not plan to exit from the provision of local or long distance services."
- a. While SBC might not be planning to completely exit the local and long distance lines of business in all markets, as is planned by AT&T, describe in greater detail SBC's plans with respect to residential customers that currently subscribe to AT&T's services outside of SBC's region if the merger is approved. Provide documentation to support the response.
 - b. Explain how the merged entity would comply with applicable rate integration and geographic rate averaging requirements of section 254 if the merger is approved.
 - c. Explain how AT&T will be operated in those states within SBC's region where section 272 obligations have not yet sunset, if the merger is approved.
18. According to page 65 n.212 of the Public Interest Statement, long distance prepaid calling cards should be viewed as being in a separate market than long distance service, there are many competitors for prepaid calling cards, and barriers to entry are low. For prepaid calls sold to residential customers, provide separately for SBC, AT&T, intrastate toll and domestic interstate toll resellers of AT&T or SBC, and an estimate for all providers: (a) originating intrastate toll and domestic interstate toll minutes and (b) revenues. For purposes of this specification, revenues should represent the amounts paid by the end-user customers and should correspond to amounts reported to the IRS for federal excise tax purposes.

F. International Services

SBC Relationship With Telmex

19. Please describe the relationship between SBC and Telefonos de Mexico, S.A. de C.V. ("Telmex"). In particular, please describe:
- a. Any direct or indirect ownership that SBC has in Telmex. Please describe the type of ownership (e.g., shares of common stock, shares of preferred stock, membership or partnership interests) and what if any voting or other rights are conferred with that ownership.
 - b. Any direct or indirect ownership that Telmex has in SBC. Please describe the type of ownership (e.g., shares of common stock, shares of preferred stock, membership or partnership interests) and what if any voting or other rights are conferred with that ownership.

- c. Any rights that SBC has to appoint members to the board of directors of Telmex. If SBC has such rights, have they exercised them? If so, please provide the name(s) and the terms of the directors that SBC has appointed to the Telmex board as well as their citizenship.
- d. Any rights that Telmex has to appoint members to the board of directors of SBC. If Telmex has such rights, have they exercised them? If so, please provide the name(s) and the terms of the directors that Telmex has appointed to the SBC board as well as their citizenship.
- e. Any restrictions placed on SBC or any members of the board of Telmex appointed by SBC to information about the operations, revenues and other business practices of Telmex.
- f. Any restrictions placed on Telmex or any members of the board of SBC appointed by Telmex to information about the operations, revenues and other business practices of SBC.

AT&T Service in Mexico

20. Please describe the telecommunications services provided by AT&T and its affiliates in Mexico. In particular:
- a. Please identify any affiliates of AT&T that provide service in Mexico and describe the relationship between AT&T and those affiliates.
 - b. Please describe the nature of the operations of any affiliates in Mexico of AT&T (e.g., in which markets, geographic (within Mexico) and product, do the affiliates participate). Do the affiliates compete directly with Telmex in any markets?
 - c. Please provide the revenue and traffic data for any affiliates in Mexico of AT&T.

SBC International Telecommunications Services

21. Please describe the international telecommunications services provided by SBC or any of its affiliates (but not Cingular). In particular:
- a. Whether SBC or any of its U.S. affiliates (but not Cingular) provide international telecommunications service as a facilities-based carrier. Please include any "local" exchange services to Mexico or Canada. If so, please provide the revenues and minutes for the most recent year on a route-by-route basis.
 - b. Provide the resale minutes and revenues of SBC and its U.S. affiliates (but not Cingular) for the most recent year on a route-by-route basis for all routes to foreign countries.
 - c. Do SBC and its U.S. affiliates (but not Cingular) provide international service through prepaid calling cards? If so, please provide information on the revenues and minutes associated with the calls placed using those prepaid calling cards. Also, please describe how SBC and its U.S. affiliates market those prepaid calling cards. For purposes of this specification, revenues should represent the amounts paid by the end-user customers and should correspond to amounts reported to the IRS for federal excise tax purposes.
 - d. Which carriers does SBC and its U.S. affiliates (but not Cingular) use to provide its international resale services? If more than one, please provide the relative percentage of international resale minutes carried for SBC and its U.S. affiliates (but not Cingular) for each of the underlying carriers.

G. Asserted Public Interest Benefits

22. Paragraphs 16-20 of the Eslambolchi Declaration, paragraphs 38-39 of the Carlton & Sider Declaration, and pages 43-44 of the Public Interest Statement discuss the general benefits, savings, and efficiencies that will result from the merger, including from (1) SBC's greater financial strength; (2) SBC's local network technical expertise and personnel; (3) economies of scale in procurement and deployment; (4) improving network operation by reducing the number of hand-offs and peering

points; (5) making use of excess network capacity; (6) the more efficient use of capital; (7) the accelerated retirement of earlier-generation network facilities; and (8) increased research and development (R&D).

- a. Separately describe each of these asserted benefits or efficiencies, as well as any efficiencies from any and all other sources arising from the integration of AT&T's and SBC's network and operations not specifically identified above, including:
 - (1) The steps that AT&T and SBC anticipate taking to achieve the benefit or efficiency, the risks involved in achieving the benefit or efficiency, any conditions for achieving it, and the time and costs (to your company or to any other person) required to achieve it;
 - (2) A quantification of the benefit or efficiency and a detailed explanation of how that quantification was calculated;
 - (3) A detailed explanation of how the proposed transaction would allow the merged company to achieve the benefit or efficiency;
 - (4) A description of why the merger is necessary to achieve this benefit or efficiency.
 - b. Explain whether the R&D spending by the combined company will be at least as large as the sum of R&D spending of the applicant firms before the merger, and whether the combined output from the combined R&D programs of the merged firm will be increased or unreduced.
 - c. On a year-by-year basis, provide the estimated annual cost savings to be realized from the merger (*i.e.*, the time path of cost savings) assuming the acquisition of AT&T by SBC is approved. Provide an explanation of how this estimate was determined, and provide supporting documentation.
 - d. Provide the documents in the possession of SBC custodians Rick Moore, Jose Menchaca, Louis Rubiola, James Callaway, Randy Tomlin, and Dan Walsh and an electronic copy of all data directly used in calculating SBC's \$15 billion estimate of the net present value of the synergies which would be achieved through the merger, as stated at page 44 of the Public Interest Statement. Explain the extent to which the \$15 billion estimate is dependent upon the transition of AT&T's and SBC's current network architectures to a converged, IP-based broadband network as discussed, *e.g.*, in paragraph 18 of the Eslambolchi Declaration.
23. On pages 15-17 of the Public Interest Statement, the Public Interest Statement asserts that the merged company will "rapidly complete the transformation of legacy networks to IP" to enable the deployment of IP services on an end-to-end basis. The Public Interest Statement claims that this will result in more rapid and extensive deployment of advanced facilities and services to residential and small business customers, and will allow the improved provision of service to government customers.
- a. Quantify the benefits to residential, small business, and government customers and provide a detailed explanation of how the quantifications were calculated.
 - b. Describe why the merger is necessary for AT&T or SBC to achieve these benefits for residential, small business, and government customers.
24. Please explain how the asserted synergies resulting from the merger are likely to affect national security and homeland defense.

H. General Information

25. Provide all documents cited in the Public Interest Statement and the Kahan, Rice, Horton, Polumbo, Eslambolchi, Carlton & Sider, and Schwartz declarations, as well as any data or competitive analyses relied upon in preparing those documents, grouped by declaration/Public Interest Statement.

26. To the extent not otherwise provided in response to this Information and Document Request:

- a. Submit the following AT&T documents: market studies, procurement strategies, pricing strategies, competitive strategies, product strategies, merger integration strategies, and marketing strategies (whether prepared internally or by outside advisors) relating to services sold to business, wholesale, and residential customers in the possession of Clayton Lockhart, Thomas Horton, Virasb Vahidi, Pradeep Crasto, Douglas Ranck, Robert Olson, Peter Schaffer, John Mills, Gary Smith, Judi Hand, Michael Heath, Ronald Spears, Kathleen Flaherty, Daniel Nugent, Marcus Melloy, A.H. McGrath, Regina Egea, Donna Henderson, Cathy Martine-Dolecki, Karthryn Morrissey, John Pumbo, and David Krantz.
- b. Submit the following SBC documents: market studies, procurement strategies, pricing strategies, competitive strategies, product strategies, merger integration strategies, and marketing strategies (whether prepared internally or by outside advisors) relating to services sold to business, wholesale, and residential customers in the possession of William McCullough, Susan Johnson, Jose Gutierrez, Scott Helbing, Christine Urbanek, James Carter, Greg D'Anna, Jon Ramsey, Amy Bruns, Hunt Kingsbury, Edward Cholerton, Donna Harrison, Steven Mitchell, Debra Moore, Yno Gonzalez, Norma Buss, Daniel T. Walsh, John Nordberg, Thomas Wilson, Margaret Moschetto, Randall Porter, Mark Fishler, Howard Irgang, Dan Walsh, Randy Tomlin, Rick Moore, and Brad Bridges.